



TRADING PARTNER RECONCILIATION

AUDITED FINANCIAL STATEMENTS

Melissa Sikora
July 28, 2004

Your Financial Partner @ Work

Overview

- Collect the seller side TP data in a spreadsheet for each field activity.
- Populate every seller side TP entry on to importsheet. DDRS-AFS will consolidate the seller side TP data within the system.
- Receive Waived Buyer Side TP data and populate amounts into a spreadsheet. Identify Required Seller Side TP Adjustments.
- Analyze the TP for Waived Entities and the reciprocal seller side amounts received from other agencies. Follow up with all parties about unusual amounts, changes, and fluctuations.
- Input Buyer Side TP adjustment into DDRS-AFS using trading partner adjustment option. This provides an audit trail of all TP adjustments.

Sample Trading Partner Collection Worksheet

Microsoft Excel - FINAL PwC Pearl Harbor 0604 SER_sample.xls

L15 = 1410

1	C	D	F	G	H	J	K	
2	Entity Name	Public Works Center Pearl Harbor			Trial Balance Ledger - Federal		19293285.04	
3					Trading Partner Data - Federal		19293285.04	
4	Entity Subhead	NE1B			Difference - Federal		0	
5								
6	POC Name	Alan Sugibayashi			Trial Balance Ledger - Public		2717328.54	
7					Trading Partner Data - Public		2717328.54	
8	POC Phone Number	(808) 471-1583			Difference - Public		0	
9								
10	POC Email Address	alan.sugibayashi@navy.mil			Trial Balance Ledger - Total		22010613.58	
11					Trading Partner Data - Total		22010613.58	
12	Reporting Period	Month Ending - 30 June 2004			Difference - Total		0	
13								
14								
15								
16								
17								
18								
19								
20	Entity Trading Partner Code	Entity Name	Symbol	Subhead	AAA	Standard General Ledger Title:		Accounts Receivables
						Seller Side or Buyer Side Account:		Seller Side
						Reciprocal Buyer Side Created for DoD Entities:		Yes
25	AT17AH4_1205	NGF - Military Construction /Family Housing - Military Construction, Navy	172/61205	.25P6 .252J .2520 .2521 .2522 .2523 .2527 .2529	068732, 000025, 062474, 068248	Current Crosswalked Trading Partner Code	Trading Partner Amount - Dollars and cents	Trade A...
66	AT97AO2NE2	NWCF - Base Support - Public Work Centers				AT17A99	52631.53	DoD
77	AT21AC	AGF - Active Army - Operation and	21-2020			AT97AO2N99	1223286.42	
383	AT13	Department of Commerce	13			AT21A99	154340.23	
384	AT14	Department of Interior	14			AT13	857.73	
388	AT18	U.S. Postal Service	18			AT14	17429.88	
389	AT19	Department of State	19			AT18	17527.25	
390	AT20	Department of Treasury	20			AT19	3608.66	
391	AT21	Department of the Army				AT20		
						AT21		

Sheet1

Ready

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Sample Trading Partner Importsheet

Microsoft Excel - TP importsheet sample.xls

	A	B	C	D	E	F	G	H	I	J	K
1	Program Code	U.S. SGL	EIO	F/M/C	XT	Fin	Additional Detail	Trading Partner	Amount		FY
2	AT97AO2N99	1310	E					AT17A99		52,631.53	2004
3	AT97AO2N99	1310	E					AT97AO2N99		1,223,286.42	2004
4	AT97AO2N99	1310	E					AT21A99		154,340.23	2004
5	AT97AO2N99	1310	E					AT13		857.73	2004
6	AT97AO2N99	1310	E					AT14		17,429.88	2004
7	AT97AO2N99	1310	E					AT18		17,527.25	2004
8	AT97AO2N99	1310	E					AT19		3,608.66	2004
9	AT97AO2N99	1310	E					AT19		2,358.05	2004
10	AT97AO2N99	1310	E					AT19		58,952.36	2004
11	AT97AO2N99	5200		X				AT17A99		64,548.58	2004
12	AT97AO2N99	5200		X				AT17A99		1,258,658.25	2004
13	AT97AO2N99	5200		X				AT17A99		54,685.85	2004
14	AT97AO2N99	5200		X				AT97AE6_4200		348,017.32	2004
15	AT97AO2N99	5200		X				AT97AE6_4300		16,467.29	2004
16	AT97AO2N99	5200		X				AT97AE6_4300		200.67	2004
17											
18											
19											
20											
21											
22											
23											
24											

DDRS AFS System consolidated
Trading partner Data, which saved
work hours.

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Analyze Trading Partner Data

- Compare Current TP Data to Current Trial Balance.
- Compare Current TP Data to Prior Period's TP Amounts.
- Compare Current TP Data to Prior Year's TP Amounts.
- Compare Current TP to expected TP level based upon known business events.
 - Look for unusual \$ value change or fluctuations.
 - Request supporting TP documents as needed.
- Compare Current TP Data to Current Seller-side TP Data
 - Determine differences
 - Research differences

Sample of Waived Trading Partner Adjustments

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Analyze Waived Trading Partner Data

Source: Follow up Email to Waived Entity:

Seller Side Revenue	Waived Buyer Side Expense	Difference
1st QTR FY 2004	34,010,872.57	28,430,749.48 -5,580,123.09 (Dr)
2nd QTR FY 2004	73,031,560.93	2,031,760.49 -70,999,800.44 (Dr)

Seller Side Acct. Rec.	Waived Buyer Side Acct. Pay.	Difference
1st QTR FY 2004	15,078,703.00	27,050,492.82 11,971,789.82 (Dr)
2nd QTR FY 2004	14,820,161.59	2,454,582.41 -12,365,579.18 (Cr)

This waived adjustment is causing a reduction of \$70M revenue to Seller-side for eliminations. This is an increase of \$65M over last quarter. This entity's business would not cause a variance of this degree to A/R and A/P. Why did waived expenses decrease some \$26M? Because of waived buyer side adjustment, Seller-side would report abnormal eliminations for A/R. Follow-up required!

Trading Partner Adjustment Procedures

- Record all TP data adjustments separately from the upload of seller side TP data.
- Include supporting documentation such as emails and worksheets.
- The adjustment includes signature of preparer, peer reviewer, and supervisor.
- Satisfies FASAB Concept #1 (Paragraph 103)
 - Internal Controls.

Sample Waived Trading Partner Adjustments

TP Adj.TIF - Imaging

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Trading Partner - Seller Adjustment
Navy Working Capital Fund

Fiscal year 2004 quarter 2

Prog Cd	Usag1	Enty	Gov	Fnd	Exch	Fin	Other Text	Amount	Prog Cd Elim	Adj Id	User Code	Date Time
AT97AO2N99	1310	E	F					(\$264,552,635.17)	AT17A99	15774	FCLFRAZC	04/11/04 08:00 AM
	1310	E	F					(\$39,467,808.90)	AT17AMC99	15774	FCLFRAZC	04/11/04 08:00 AM
	1310	E	F					\$5,107.00	AT96AT13	15780	FCLGALLK	04/11/04 10:49 AM
	1310	E	F					\$907.00	AT96AT15	15780	FCLGALLK	04/11/04 10:49 AM
	1310	E	F					\$13,899.45	AT96AT17	15780	FCLGALLK	04/11/04 10:49 AM
	1310	E	F					\$186,081.43	AT97AF6_6400	15780	FCLGALLK	04/11/04 10:49 AM
	1310	E	F					\$225,064,826.27	AT97AO2N99	15774	FCLFRAZC	04/11/04 08:00 AM
	1310	E	F					\$156,078,459.84	AT97AO2N99	15775	FCLFRAZC	04/11/04 08:39 AM
	1310	E	F					\$3,448,233.43	AT97AO2N99	15780	FCLGALLK	04/11/04 10:49 AM
	1310	E	F					(\$280,180.02)	AT97AO5499	15780	FCLGALLK	04/11/04 10:49 AM
	1310	E	F					(\$252,101.29)	AT97AO54J	15780	FCLGALLK	04/11/04 10:49 AM
	1310	E	F					(\$3,121,947.00)	AT97DFAS99	15780	FCLGALLK	04/11/04 10:49 AM
	5160	F	X					(\$1,068,659.44)	AT97AF6_6400	15780	FCLGALLK	04/11/04 10:49 AM
	5200	F	X					(\$5,107.00)	AT96AT13	15780	FCLGALLK	04/11/04 10:49 AM
	5200	F	X					(\$73,868.57)	AT96AT15	15780	FCLGALLK	04/11/04 10:49 AM
	5200	F	X					(\$135,347.03)	AT96AT17	15780	FCLGALLK	04/11/04 10:49 AM
	5200	F	X					(\$2,899,058.96)	AT97AO2N99	15780	FCLGALLK	04/11/04 10:49 AM
	5200	F	X					\$1,167,134.20	AT97AO5499	15780	FCLGALLK	04/11/04 10:49 AM
	5200	F	X					\$1,150,171.80	AT97AO54J	15780	FCLGALLK	04/11/04 10:49 AM
	5200	F	X					\$2,528,745.10	AT97DFAS99	15780	FCLGALLK	04/11/04 10:49 AM
	5730	F						(\$42,800,000.00)	AT97AO54J	15737	FCLFORNJ	04/10/04 03:38 PM
	5765	F						\$42,800,000.00	AT97AO54J	15737	FCLFORNJ	04/10/04 03:38 PM

Prepared: K. Galler 4/11/04
Reviewed: C. H. 4/11/04
Approved: M.S. 4/11/04

To adjust for TP- Buyer Side
Waived entities.

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Weaknesses in Collection of Trading Partner Data

- Lost visibility by activity level (I.e. subhead).
 - SFFAC #4 - use of corporate level adjustments for eliminations is acceptable.
 - Lower sub-level reports used by managers doesn't need to reflect eliminations.
- Unidentified Trading partner data
- Allocating Methods
- Manual process is subject to crosswalk error.
 - Accounting Systems record transaction with references to "AAA", "BCN", "Subhead", "Limits", etc.
- Use spreadsheets to collect, consolidate, and report TP Data.

Weaknesses in Collection of Trading Partner Data

- Vendor Pay, Contracting and Accounting need to talk to each other. Each currently satisfies their own information requirements, without considering/realizing the data needs/impacts on other parties affected by the transactions.
- Different business practices

Conclusion

- Manual Process
- Reconciliation is possible
- Pays to challenge your trading partner data

DFAS

Your Financial Partner @ Work

